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Iceland and the German fish market 1950-1990: Did Germany get the fish it needed after the 200-mile extension?

My daily work is in marketing and service to the Icelandic fish export industry, a position which influences my approach to the subject. My background and link to Germany is that I came to Germany in 1984 and worked in Hamburg from 1986 on, marketing and selling seafood for the Icelandic Group until I moved back to Iceland in 1997. For me it has been of great interest to look back at the period before I came to Germany. In 1996 I successfully encouraged Mr. Hjalti Einarsson, who had been a director of the group for many decades, to research into and write about the activities of our company on the continent from the time of its foundation in 1942. Among the people he talked to were Hilda Peters, who provided valuable information. Mr. Einarsson's material served as important input for my own work, and I would hereby like to thank him for that.

The main questions I have tried to answer are:

Did German consumers get their seafood from Iceland after the German fleet had to leave the 200-mile area?

Did the extension pay off for Iceland (and Germany)?

The supply of seafood from Iceland to the German market

Fishing in Icelandic waters, 1950-1990

MT	1955	1970	1980	1990	2000
Icelanders	382.000	430.000	613.000	622.000	395.000
Foreigners	380.000	315.000	21.000	8.000	4.000
Total	762.000	745.000	634.000	630.000	399.000

Fig. 1 The catch of the main groundfish species in Icelandic waters, 1955-2000. (Source: MRI)

The figures for the catches of foreign countries in the past are surprisingly large. In 1955 foreign countries' catches of the main groundfish species (i.e. cod, saithe, haddock, redfish and Greenland halibut) amounted to over 380,000 MT around Iceland, corresponding to the volume caught by Iceland. In 1970 the total volume was similar but that accounted for by other countries had fallen to 315,000 MT while that of Icelanders rose to 430,000 MT. By 1980 the picture had of course changed considerably. Foreigners were catching only 21,000 MT while Icelanders were up to 613,000 MT. We now had our 200 miles and our fishing had increased by almost 50%. In 1990 foreign countries were catching virtually nothing in Icelandic waters, while Iceland was catching 622,000 MT. In 2001, Iceland was catching 400,000 MT of groundfish. This is a substantial decrease in comparison to 1990, representing a great disappointment. In comparison, however, it is still close to the volume being caught by foreign countries 45 years earlier.

These facts provide a background for my article and for the battle Iceland fought to gain control over fishing within the 200-miles zone.

I will be looking mainly at West Germany, due to the fact that the German fleet was entirely from the western part of the country after the Second World War. East Germany developed a deepsea fishing fleet in 1950-1960, but did not catch around Iceland. As far as I know, there was therefore never any dispute with East Germany over fishing rights.

Even though the period I will be covering extends from 1955 to 1990, my main focus will be on the years in which the changes took place, i.e. 1970-1990. I would like to start by looking at the chief groundfish species and seeing how the catch developed in this period.

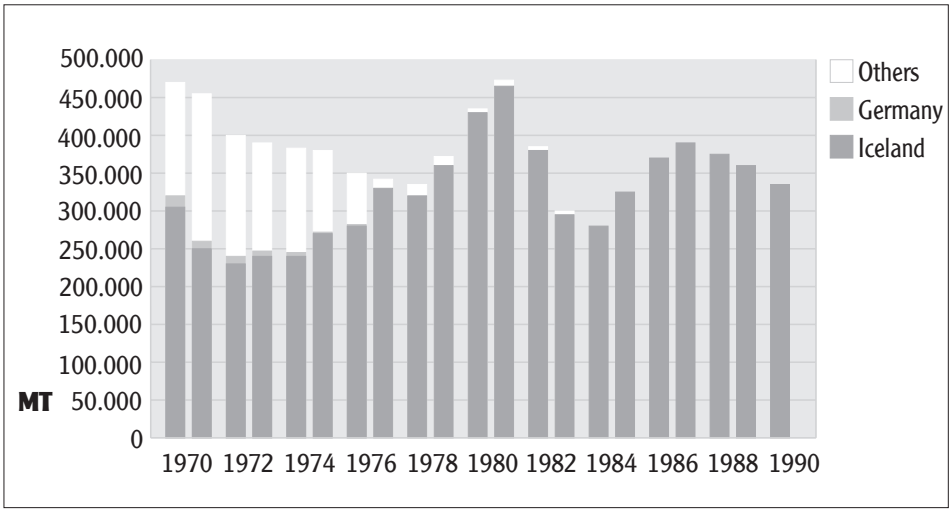

Fig. 2 Fishing of Cod in Icelandic Waters, 1970-1990

By far the most important species for Iceland was and is cod. The total catch has fluctuated considerably over the last half century. The volume throughout the first half of the period was much greater than it has been during the past 20 years or so. This is a great disappointment to Iceland and we cannot say that we are capable of catching what the foreign countires were catching before. The important objective of the 200-mile extension was not realised, but on the other hand there is no telling what would have happened if we had not gained control of our waters.

Redfish was the most important species for Germany. Rotbarsch, as it is called in German (Goldbarsch is another German term for it), has long been the most important fish for the Friday family dish. Before the war, Iceland used redfish only for fishmeal and fishoil production. The German fleet was catching approximately 30,000 MT around Iceland, much more than the Icelanders themselves. The German catch ended in 1977. It is interesting to see that Icelanders increased their catch after the extension and the total catch increased.

Saithe became known in Germany as Seelachs after a new product called "Seelachs in Oel" was developed with salted saithe as an imitation of smoked salmon. The original name was Köhler (in English saithe or coley). The German fleet caught considerable volumes of saithe around Iceland and took it home fresh (or salted?). Saithe is also popular for frying and served as an important raw material for the processing industry.

The German saithe catch amounted to 16,000 MT in 1970 but fell to 10,000 MT in 1977 with a peak in 1973 of 38,500 MT. The Icelandic saithe catch remained stable between 50-60,000 MT, but increased in 1988 and reached 95,000 MT in 1990.

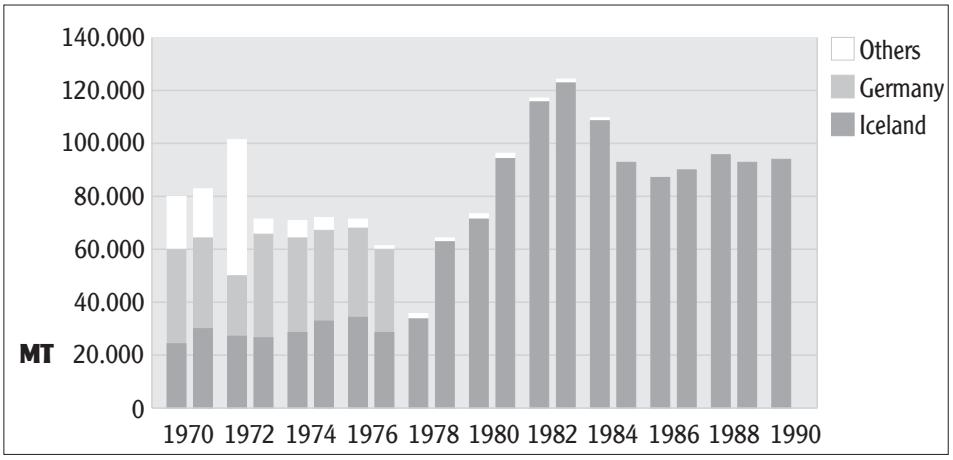

Fig. 3 Fishing of Redfish in Icelandic Waters, 1970-1990

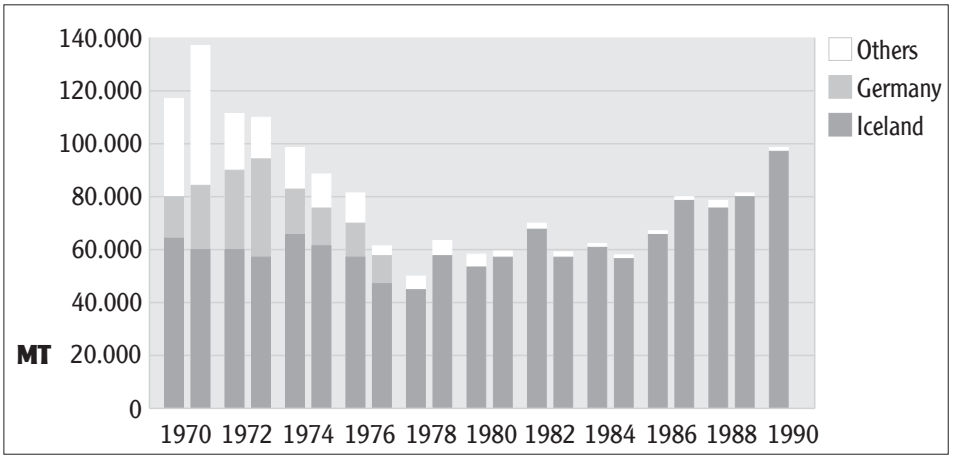

Fig. 4 Fishing of Saithe in Icelandic Waters, 1970-1990

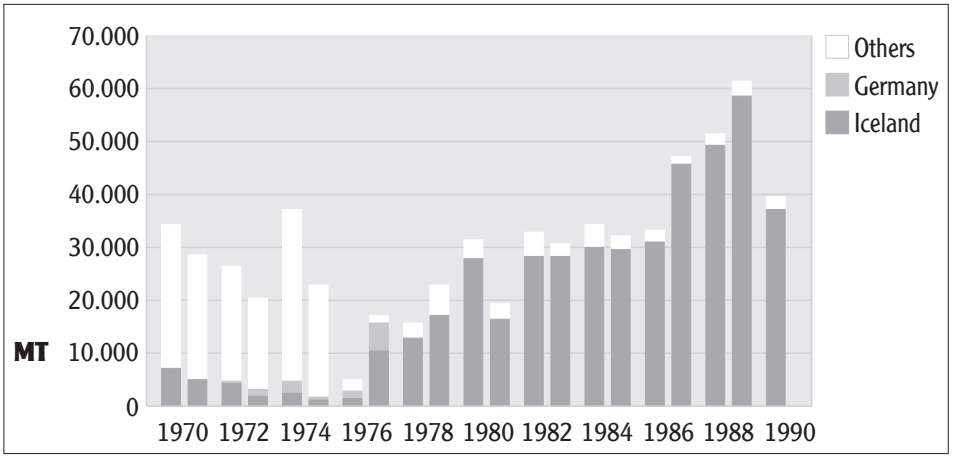

Fig. 5 Fishing of Greenland Halibut in Icelandic Waters, 1970-1990

Black halibut or Greenland halibut is a popular fish for smoking in Germany. Iceland was not catching much black halibut, and Germany only a limited volume, probably as a bycatch, but other countries had a larger black halibut catch. Beginning in 1978, the Icelandic black halibut catch increased considerably to approximately 30,000 MT.

Herring was an important species for Iceland, with a volume between 500 and 800,000 MT over many years. I could not find evidence of foreign countries catching any volume and taking it back home as Icelanders were doing for many years. As many of you know, herring was for a long time the most important species for the German market. But Iceland was not an important supplier and herring vessels were in operation primarily in Denmark.

The figures recorded by Iceland for the German catch did not match those recorded by Germany for its catch around Iceland. I have based my work primarily on figures from the Marine Research Institute and the Bureau of Statistics in Iceland.

Did the German consumers get their fish after the 200-mile extension?

This must have been the important question for the German market.

The main period of interest is that between 1970 and 1980, because it was then that the changes took place. I will try to answer the question by comparing the fishing carried out by the German fleet prior to 1976 and the export from Iceland to Germany over that period and later.

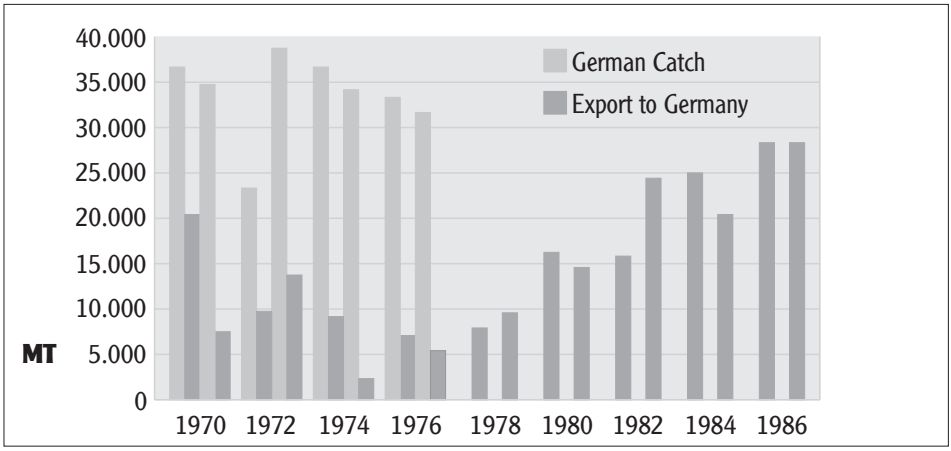

Fig. 6 The German Redfish catch around Iceland and the Redfish export from Iceland, 1970-1987

The main species sought by Germany was redfish or Rotbarsch as I mentioned earlier. Figure 6 shows the development s h 1970 to 1987. Germany stopped catching in 1978, but until then export from Iceland to Germany had been moderate, amounting to approximately 5-10,000 MT. In the years that followed, there was a great increase and the figure – as far as I could ascertain – reached 25-30,000 MT in the late 1980s. On the basis of my own experience, I assume that it was more. In any case, it is less than the German fleet had been catching, the difference being explained by the fact that we were partly exporting fillets, which results in a lower figure but may correspond to a similar volume if calculated in terms of catch weight and – as I will show later – a part of the German catch went into fishmeal production. To an extent the redfish exports from Iceland to Germany were also used for this purpose, but on a much smaller scale. For human consumption the market required less volume.

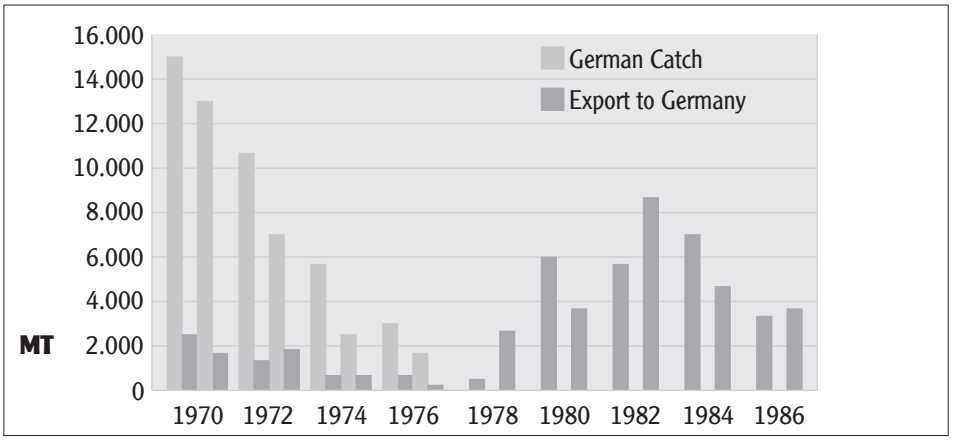

Fig. 7 The German Cod catch and the Cod export from Iceland to Germany, 1970-1987

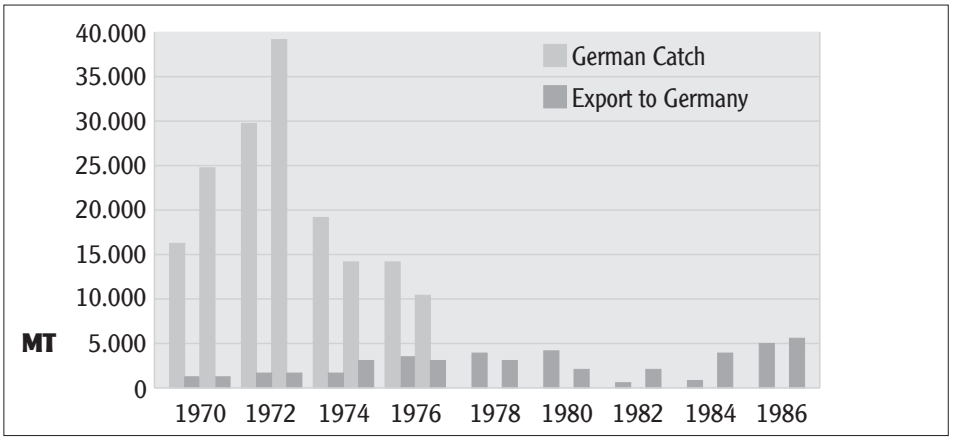

Fig. 8 The German Saithe catch and the Saithe export from Iceland to Germany, 1970-1987

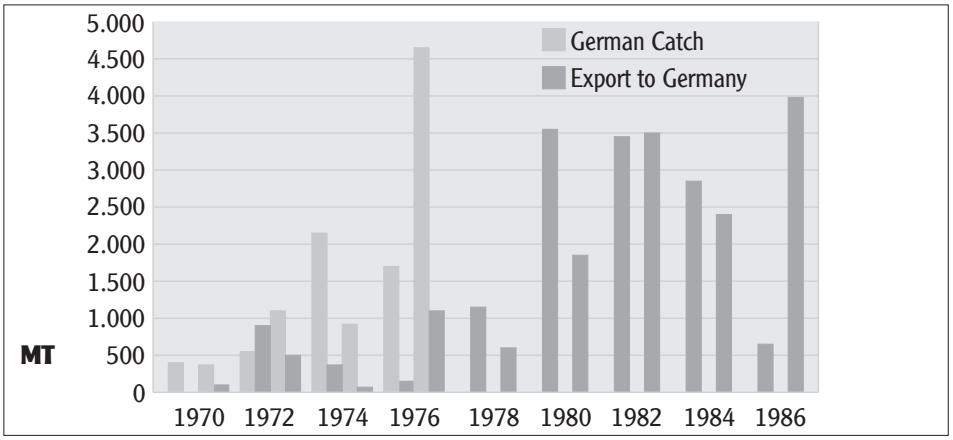

Fig. 9 The German Greenland Halibut catch and the Greenland Halibut export from Iceland to Germany, 1970-1987

I will not dwell long on other species. Cod export to Germany increased after the 200-mile extension and partially replaced the lost catch. The export volume of frozen and fresh saithe changed very little; salted as well as fresh saithe accounted for a good share. But the German fleet had to go somewhere else to get it, probably to the Faeroes and Norway. As we saw earlier, Iceland increased the catch of Greenland halibut considerably and an important market was Germany, as we see in Figure 9.

Iceland had redfish that the German market needed. Annual consumption amounted to approximately 60-70,000 MT in catch weight which yields approximately 20,000 MT of fillets. Greenland halibut was also of some importance. It seems that the German consumers still got their Friday fish, even if it was not being caught by German vessels.

We can see that Iceland changed from being a fishing ground for the German fleet to being a supplier of fish for the German processors and later for the German distributors of fish.

The export of seafood from Iceland in the period 1950-1990 and the situation today

I would now like to discuss the sale of seafood and the business between our two countries.

The Icelandic Group, or as it was called until recently, the Icelandic Freezing Plants Corp., was founded in 1942 by a group of producers of frozen fish. We were their marketing and sales division. Since we have no domestic market (or none worth mentioning), we always see the world as our domestic market.

The company founded a subsidiary in the USA in 1947, having previously begun attempting to sell on the European continent. Hjalti Einarsson founded a factory for our company in Kent near London in 1956 for the processing of various fish products including breaded and fried fish products.

In our annual report of 1950 the following is stated: "Fish prices in Germany are very low; the outlook for sales is not good and the fish sent there in early 1949 through the Marshall Plan was not all sold." It was clear that Germany had other priorities than the purchase of frozen fish from Iceland. The business did not look promising, but despite this circumstance our first office was in Hamburg from 1954 to 1956, when it moved to Prague. It has been said that the German market did not like frozen fish. The Germans had had bad experience with it. During the war Germany had had factories in Norway for freezing fish. By the time the products finally reached Germany, the temperature had fluctuated considerably, naturally influencing the quality greatly. This attitude was therefore also a hindrance for us.

It was also a fact that business with the Eastern European countries was easier through the contracts between the governments of each country. They exchanged goods. Price was therefore not the main issue and, strangely enough, the Soviet Union became an important market for Iceland.

Between 1960 and 1968 our company regularly sold frozen herring, cod blocks and other products to Germany. After 1970 business increased. We sold primarily to large importers such as Norda and Kratzenstein and processors like Nordsee. Iceland also had regular business with East Germany and sold fish to Fischimpex until 1990.

An office was opened in Hamburg again in 1981. Europe was becoming a more important market for us and Hamburg was a good place to restart business in Germany. The office was called Verkaufszentrale isländischer Kühlhäuser, which was a translation of our name in Icelandic, and sold to Germany, Denmark and many other countries. It is still operating with a turnover of around EUR 50m. Samband of Iceland – at that time our main competitor – had been selling seafood for some time before; today that company is called SIF.

Germany has been an important market for Iceland: In 1995 it was the fifth most important market for Iceland in value and in 1999 the seventh, with a value of around USD 90m. Frozen fish

is the most important product group, followed by fresh fish. The drop has largely to do with the lower volume of redfish and saithe around Iceland since 1990.

The German Fish Market

Figure 10 depicts fish consumption in Germany from 1913 to 2001. The consumption grew steadily until 1990, then went through a period of decrease, and has recovered in the past years to reach 14 kg in 2001.

1913	5,0	1924	8,0	1925	8,0	1930	9,6	1946	10,9
1950	10,8	1970	11,2	1980	11,2	1989	13,6	1990	14,5
1991	14,3	1999	12,4	2000	13,7	2001	14,0		

Fig. 10 Fish Consumption in Germany, 1913 to 2001, kg/capita catch weight. (Source: SBA Wiesbaden, Fischwirtschaft in Zahlen, u.a.)

In volume, herring has been the most important species for the German consumers for a long time. Only in the last few years has Alaska pollack (which belongs to the cod family) overtaken herring in volume.

Division into product groups is a way of preserving the quality and freshness of the fish. After the war, canned seafood dominated the market, being a well known method of preserving food, but today chilling is now more popular than canning. Smoking was and is also popular. Fresh seafood accounted for a large share when the German fleet was catching large volumes of fish and the supply chain functioned well throughout Germany.

Fish Consumption 1961-1980 (kg/capita Prod. Wt.)

Products	1960	1970	1980
Canned	2,53	2,59	2,86
Fresh	2,01	1,12	1,00
Frozen	0,12	0,64	0,77
Smoked	0,36	0,36	0,30

Fig. 11 Fish Consumption in Germany 1960, 1970 and 1980 by Product Groups. (Source: BML, Jahresbericht über die Deutsche Fischwirtschaft)

Looking at the consumption for 1960, 1970 and 1980 as seen in Figure 11, we see that the main change is an increase in frozen and a decrease in fresh seafood. This is logical since the German fleet has no areas in the vicinity to fish in (and the North Sea is not in good shape). Today frozen has overtaken fresh.

An important aspect to discuss is the role of quality. I think I can say that, on the average, the quality of the seafood available to German consumers is higher than it was 30 years ago. Let us look at two examples:

The fresh fish trawlers remained near Iceland for three weeks before coming back to harbour. Even though the filleting took place within a short time after the return and the distribution throughout the country was very efficient, the quality fluctuated considerably. Today, in most cases, only the demanded volume and the right quality is imported.

The frozen fillet suffered from a poor image. Two reasons for that are probable. Firstly, as I mentioned earlier, the freezing chain was not good, the temperature fluctuated substantially on the way to the consumer, which had a negative influence on the quality. Secondly, the fish that was not sold by auction (in Bremerhaven, Cuxhaven or Hamburg), was filleted and frozen (or used to produce fish meal). This did not please the consumers. Today, the frozen fillets that consumers and chefs get are frozen at sea or shortly after landing in Iceland, the Faroes or Norway. The somewhat unpleasant smell with which many older Germans are familiar is gone.

The Seafood Industry in Iceland and Germany

I will now turn to the second part of my talk and look at the seafood industry in Germany and Iceland and how it has developed over the past decades.

MT Catch Mt.	1950	1953	1970	1980	1990	2001
German catch	525	708	612	318	247	239
Import	112	99	404	695	1.179	1.700
Supply	637	807	1.016	1.013	1.426	1.939
Fishmeal	85	176	117	45	3	0
Net supply	552	631	899	968	1.423	1.939
Export	6	24	222	280	505	789
Consumption	**546**	**607**	**677**	**688**	**918**	**1.150**
German catch			90%	38%	27%	21%

Fig. 12 The Supply of Seafood to the German Seafood Market.

Figure 12, showing the supply of seafood to the German market, is very interesting. The development since 1950 is clear. The domestic catch decreased between 1970 and 1980 and has remained around 240,000 MT. On the other hand, import has increased considerably, reaching 1.7 m MT last year. An important group is comprised by fishmeal and fishoil. In 1970 117,000 MT went to fishmeal, but it is used for animal feed. The main reasons are the poor quality of the raw material, – probably due to the long voyage from the catching grounds – or the lack of customers for it. Export grew from virtually nothing to nearly 800,000 MT in 2001. Even though Germany has to rely on imports for close to 80% of its supply, its processing industry is strong.

The German Seafood Industry

The German fishing industry today:

The deep-sea fishing fleet is small and companies are few:

– Mecklenburger Hochseefisherei in Rostock with only 3-4 vessels. This is what is left of the East German fleet of over 60 vessels prior to 1990, today owned by Parlevliet & Van den Plaas of Holland.
– Deutsche Fischfang Union of Cuxhaven is owned by FAB, which is owned by Samherji of Iceland and people close to it. They have 2-3 trawlers.
– Ocean Food with its vessel Atlantic Peace is in German hands.

Other German fishing activity is carried out by smaller vessels within German and EU waters.

This development is normal. The waters around Germany cannot support more fishing and the deep-sea fleet has to rely on quotas from far outside the 200-mile zone or where the EU has paid for quotas (e.g. Greenland).

Germany as a Processor and Exporter of Secondary Fish Products

Taking the different product groups into account, we can gain an impression of the seafood industry and distribution in Germany today.

Germany is a major secondary producer of frozen fish products, possessing the largest factories in the world in this area. Export has played an important role for these factories (as in general for the German industry). There are five large producers of frozen seafood. Their past is often in fish-

ing, but they have adapted to the changes by entering into processing and distribution. Ownership has changed and is today often in foreign hands.
- Frozen Fish International in Bremerhaven is a Unilever company (and has been for a long time) producing for the Iglo companies.
- Pickenpack in Lüneburg is owned by an investment company, which also owns Rahbekfish in Denmark.
- In Wilhelmshaven, the Jade Kost plant built during the upturn in 1990 is owned by Royal Greenland.
- Frosta in Bremerhaven is an AG, still owned by to a large extent by Ahlers.
- Hussman & Hahn in Cuxhaven is owned by FAB, which is partly owned by the Samherji Group of Iceland.

Smoking is carried out locally to a large extent, the exception being salmon, for which Germany depends strongly on imports.

Canning has been strong in Germany, though it has fallen in popularity as chilled products, especially chilled herring, have increased in popularity. Poland is an important supplier of ready-to-eat products.

The share of fresh fish has decreased, but is still important for the catering industry and traditional fish shops. Germany has adapted to changes in import and reduced its own filleting, now importing the fillets from places of origin all over the world. Major seafood companies in Germany are:
- Nordsee, the leading brand in fresh fish and specialised fish restaurants. They compete with McDonald's in fast food.
- Deutsche See, formerly a part of Nordsee, is the leading catering company in Germany.

Today the development is at a point where it is possible to buy frozen fillets at a competitive price at Aldi or Lidl, where the home-service market is strong and consumption outside the home has been growing, e.g. in canteens and restaurants.

The Seafood Industry in Iceland

Fishing

Iceland has a strong fisheries management system. It is based on a quota system established in 1989. Scientists annually submit their proposals for twelve species and in most cases the Minister of Fisheries complies with these proposals. The quotas apply to vessels and are individually transferable between vessels. Today the ten largest companies own 46% of the quota and the scene is dominated by mergers and takeovers . The latest change is that, beginning in 2004, quota owners must pay a fishing charge for their share of this natural resource.

Processing

There is a large primary processing industry in Iceland. Over half of the production is frozen, both on land and at sea. Salting is still important and the fishmeal industry is significant. The production of fresh fillets that are flown all over the world to restaurants and shops is a growing industry.

Marketing and production abroad

Strong export companies dominate the marketing:
- SIF has a turnover of more than USD 600m. It is active in chilled, frozen, salted and fresh seafood. It has factories for the secondary processing of chilled, frozen and smoked seafood in France and the US, sales companies in the UK, Spain, South America, Asia and Iceland.

- Icelandic Group. Turnover was around USD 550m in 2001. Main focus is on frozen seafood, but has taken up the production of chilled seafood in the UK. Has factories for secondary processing in the UK and US, sales and distribution companies in Spain, France, Germany, Norway and Japan.
- Bakkavör. Turnover of USD 200m. Main focus is on chilled and preserved food. It has grown substantially in the past five years; its biggest operation is in the UK, but activities in Scandinavia, Iceland, Germany, France and Chile as well.
- Samherji. The biggest fish company in Iceland. Main focus is on primary processing, but has activities in Germany (DFFU and H&H), UK (Onward Fishing), the Faroes and elsewhere.

Did it Pay Off for Iceland to Get the 200 Miles?

At the end of the 19th century Iceland possessed only small boats; we watched foreign trawlers fish real volume outside our fishing zone. Around 1900 Iceland bought their first trawlers and with them came the industrial revolution and many changes for the country. Foreigners continued to catch huge volumes until 1976, when we gained control over our waters. The volume caught by foreigners today is very small. Iceland is dependent on what the ocean gives us and we need to control our own waters.

An extremely important factor for us today is fishery management. Fish stocks need to be managed on the basis of sustainability so that future generations are able to utilize them also. This would not have been possible without the extension of the fishing zone to 200 miles.

Iceland has specialized in the primary production of seafood, Germany in secondary production and distribution based largely on imported raw material. This is, to my mind, a very natural development and I am sure that the development would have taken this course even if we had not extended the fishing area to 200 miles. The development has been natural and good for both countries; both have specialised in areas where their strengths lie. That should ultimately be in the best interest of the consumers.

Main sources:
Bureau of Statistics in Iceland
Marine Research Institute Iceland
Mrs. Hilda Peters, Bremerhaven, Germany
Mr. Hjalti Einarsson, Garðabær, Iceland
Various official reports from Germany